

LINDRICK SERVICE CORPORATION

5245 U.S. Highway 19 N.
New Port Richey, FL 34652
(727) 848-1165

611 Druid Road East, Ste 304
Clearwater, FL 33756
(727) 447-2378

March 25, 2010

100 147-WS

Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Lindrick Service Corporation transfer of No. 157-W + 107-S to
Florida Governmental Utility Authority

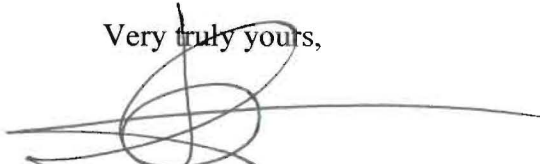
To Whom It May Concern;

Pleased find enclosed the following:

1. Original and 5 copies of completed, signed and notarized application for transfer to governmental authority ;
2. Original certificate 157-W and 107-S issued by Florida Public Service Commission
3. Contract for Sale and Purchase.

If you have any questions, please let us know.

Very truly yours,



Joseph R. Borda

Enclosures

COM _____
 APA _____
 ECR _____
 GCL _____
 RAD _____
 SSC _____
 ADM _____
 OPC 1
 CLK 1

Original Certs forwarded.

DOCUMENT NUMBER-DATE
 02157 MAR 26 09
 FPSC-COMMISSION CLERK

100147-WS

APPLICATION FOR TRANSFER TO GOVERNMENTAL AUTHORITY

(Pursuant to Section 367.071(4)(a), Florida Statutes)

**TO: Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850**

The undersigned hereby makes application for the approval of the transfer of (all or part) of the facilities operated under Water Certificate No. 157-W and/or Wastewater Certificate No. 107-S located in Pasco County, Florida, and submits the following:

PART I APPLICANT INFORMATION

A) The full name (as it appears on the certificate), address and telephone number of the seller (utility):

Lindrick Service Corporation

Name of utility

(727) 849-2266

Phone No.

(727) 848-4866

Fax No.

5245 US 19 North

Office street address

New Port Richey FL

City

State

34652

Zip Code

N/A

Mailing address if different from street address

N/A

Internet address if

applicable

DOCUMENT NUMBER-DATE

02157 MAR 26 09

FPSC-COMMISSION CLERK

B) The name, address and telephone number of a representative of the utility to contact concerning this application:

Joseph R Borda 727-447-2378
Name Phone No.

611 Druid Rd E Ste 304
Street address

Clearwater, FL 33756
City State Zip Code

C) The full name, address and telephone number of the governmental authority:

Florida Governmental Utility Authority
Name of utility

850-224-4070 850-224-4073
Phone No. Fax No.

1500 Mahan Drive Suite 200
Office street address

Tallahassee, FL 32308
City State Zip Code

N/A
Mailing address if different from street address

N/A
Internet address if applicable

D) The name, address and telephone number of a representative of the governmental authority to contact concerning this application:

Crystie Carey, Esq. 850-224-4070
Name Phone No.

1500 Mahan Drive Suite 200
Street address

Tallahassee, FL 32308
City State Zip Code

PART II FINANCIAL INFORMATION

A) Exhibit One “Contract”- To be sent under separate cover

B) Exhibit Two “Total Amount of Customer Deposits Paid to FGUA (buyer) at Closing” -

C) Exhibit Three “Regulatory Assessment Fees due paid to current”

D) Exhibit Four -The buyer (governmental authority) obtained from the utility the utility's most recent available income and expense statement, balance sheet and statement of rate base for regulatory purposes and contributions-in-aid-of-construction.

E) Indicate the date on which the buyer proposes to take official action to acquire the utility:

 FGUA became owner of Lindrick Service Corporation on March 10, 2010

If only a portion of the utility's facilities is being transferred, a revised territory description and map of the utility's remaining territory must be provided, as discussed in PART III, below.

IF THE UTILITY'S ENTIRE FACILITIES ARE BEING TRANSFERRED, PLEASE DISREGARD PART III OF THIS APPLICATION FORM.

PART III CERTIFICATION

A) **TERRITORY DESCRIPTION**

Exhibit _____ - An accurate description of the utility's revised territory. If the water and wastewater territory is different, provide separate descriptions.

Note: Use the Survey of Public Lands method (township, range, section, and quarter section), if possible, or a metes and bounds description. Give the subdivision or project name. The description should **NOT** refer to land grants or plat books, but may use geographic boundaries (i.e., road right-of-ways, railroads, rivers, creeks, etc). The object is to make the description as brief, but as accurate as possible.

B) **TERRITORY MAPS**

FIVE

Exhibit _____ - One copy of an official county tax assessment map or other map showing township, range and section with a scale such as 1"=200' or 1"=400' on which the remaining territory is plotted by use of metes and bounds or quarter sections and with a defined reference point of beginning. If the water and wastewater territory is different, provide separate maps.

C) **TARIFF SHEETS**

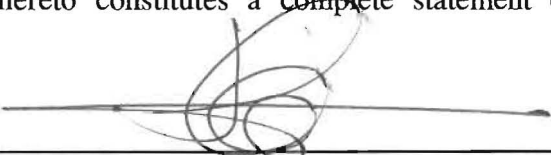
SIX

Exhibit _____ - The original and two copies of tariff sheet(s) revised to show correct service territory. Please refer to Rules 25-9.009 and 25-9.010, Florida Administrative Code, regarding page numbering of tariff sheets before preparing the tariff revisions. (Pages 11-12.) Sample tariff sheets are attached. (Pages 13-16.)

PART IV AFFIDAVIT

I Joseph R. BORDA (applicant) do solemnly swear or affirm that the facts stated in the forgoing application and all exhibits attached thereto are true and correct and that said statements of fact thereto constitutes a complete statement of the matter to which it relates.

BY:



Applicant's Signature

Joseph R. Borda

Applicant's Name (Typed)

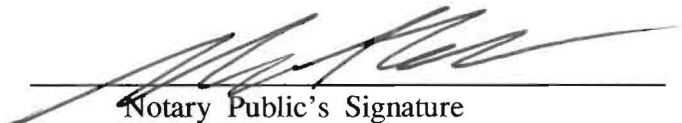
President

Applicant's Title *

Subscribed and sworn to before me this 25th day of

March, 20 10 by Joseph R. Borda who

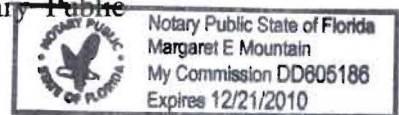
is personally known to me XX or produced identification _____.
(Type of Identification Produced)



Notary Public's Signature

Margaret E. Mountain

Print, Type or Stamp Commissioned
Name of Notary Public



* If applicant is a corporation, the affidavit must be made by the president or other officer authorized by the by-laws of the corporation to act for it. If applicant is a partnership or association, a member of the organization authorized to make such affidavit shall execute same.

FLORIDA PUBLIC SERVICE COMMISSION

**Certificate Number
157 - W**

**Upon consideration of the record it is hereby ORDERED
that authority be and is hereby granted to:**

LINDRICK SERVICE CORPORATION

Whose principal address is:

**4925 Cross Bayou Boulevard
New Port Richey, Florida (Pasco County)**

**to provide water service in accordance with the provision of Chapter 367,
Florida Statutes, the Rules, Regulations and Orders of this Commission in the
territory described by the Orders of this Commission.**

**This Certificate shall remain in force and effect until suspended, cancelled or
revoked by Orders of this Commission.**

ORDER 5797	DOCKET C-73117-W
ORDER 7282	DOCKET 760277-W
ORDER 9275	DOCKET 790791-WS
ORDER 20519	DOCKET 881256-WS
ORDER PSC-97-1613-FOF-WU	DOCKET 970822-WU

**BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION**

Blaine S. Boyd

**Director
Division of Records and Reporting**



FLORIDA PUBLIC SERVICE COMMISSION

**Certificate Number
107 - S**

**Upon consideration of the record it is hereby ORDERED
that authority be and is hereby granted to:**

LINDRICK SERVICE CORPORATION

Whose principal address is:

**4925 Cross Bayou Boulevard
New Port Richey, Florida (Pasco County)**

**to provide wastewater service in accordance with the provision of Chapter 367,
Florida Statutes, the Rules, Regulations and Orders of this Commission in the
territory described by the Orders of this Commission.**

**This Certificate shall remain in force and effect until suspended, cancelled or
revoked by Orders of this Commission.**

**ORDER 5797
ORDER 7282
ORDER 9275
ORDER 20519
ORDER**

**DOCKET C-73118-S
DOCKET 760278-S
DOCKET 790791-WS
DOCKET 881256-WS
DOCKET**

**BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION**



**Director
Division of Records and Reporting**



Exhibit One

AGREEMENT FOR PURCHASE AND SALE

OF

WATER AND WASTEWATER ASSETS

By and Between

LINDRICK SERVICE CORPORATION

and

PASCO RESERVE, INC.

Collectively as, Seller,

and

FLORIDA GOVERNMENTAL UTILITY AUTHORITY

Purchaser

TABLE OF CONTENTS

<u>ARTICLES</u>	<u>Page</u>
1. RECITALS.....	2
2. COVENANT TO PURCHASE AND SELL; DESCRIPTION OF PURCHASED ASSETS.....	2
3. PURCHASE PRICE.....	5
4. REPRESENTATIONS AND WARRANTIES OF SELLER.....	5
5. REPRESENTATIONS AND WARRANTIES OF PURCHASER.....	9
6. TITLE INSURANCE AND PERMITTED ENCUMBRANCES.....	11
7. CONDITIONS PRECEDENT TO CLOSING.....	13
8. PRE-CLOSING CONDUCT; COVENANTS.....	14
9. TERMINATION OF AGREEMENT.....	17
10. CLOSING.....	19
11. POST CLOSING COOPERATION.....	23
12. MISCELLANEOUS PROVISIONS.....	23

EXHIBITS

Exhibit "A" (Real Property)

Exhibit "B" (Easements, licenses, etc.)

Exhibit "C" (Treatment plants, etc.)

Exhibit "D" (Certificates, permits, etc.)

Exhibit "E" (Inventory)

Exhibit "F" (Developer Agreements)

Exhibit "G" (Contracts and Leases)

Exhibit "H" (Description of Seller Parcels and Impact/Connection Fee Credit Agreement)

Exhibit "I" (Pending Litigation)

Exhibit "J" (Construction Work in Progress Reimbursement)

Exhibit "K" (Miscellaneous Operating Requirements and Reports)

**AGREEMENT FOR PURCHASE AND SALE OF
WATER AND WASTEWATER ASSETS**

THIS AGREEMENT FOR PURCHASE AND SALE OF WATER AND WASTEWATER ASSETS ("Agreement") is made as of this ____ day of November, 2009 by and between **Lindrick Service Corporation**, a Florida corporation and **Pasco Reserve, Inc.**, a Florida corporation (hereinafter collectively referred to as "Seller"), and the **Florida Governmental Utility Authority**, a legal entity and public body created by interlocal agreement pursuant to Section 163.01(7)(g), Florida Statutes ("Purchaser").

WHEREAS, Seller owns and operates domestic wastewater collection, treatment and effluent disposal systems, and potable water supply, transmission, and distribution systems (collectively, the "Utility System"), all of which are located in Pasco County, Florida, and commonly known as the Lindrick System; and

WHEREAS, the Florida Public Service Commission ("FPSC") has issued to Seller a Water Certificate No. 157-W and a Wastewater Certificate No. 107-S, which collectively provide Seller with a certificated franchise service area to provide water and wastewater service to residential and general service customers in Pasco County ("Utility Service Area"); and

WHEREAS, Seller had no intention of selling its utility assets, but received the threat of condemnation of its utility assets by a member of the Purchaser, which threat Seller determined it was inadvisable to resist and incur unnecessary time and expenses in defense of such proceedings, but instead, in lieu of condemnation, agreed to negotiate an amicable resolution of the threat of condemnation by entering into this Agreement; and

WHEREAS, the Purchaser, pursuant to section 163.01, Florida Statutes (the "Florida Interlocal Cooperation Act") and an interlocal agreement entered into and adopted by Pasco County, among other local governments (the "Interlocal Agreement"), agreed to acquire the utility assets of Seller and the Purchaser has the power and authority to provide potable water and wastewater infrastructure and service throughout the State of Florida; and

WHEREAS, Seller agrees to sell and Purchaser desires to purchase the Utility System of Seller for the consideration and on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, prior to Closing hereon, Purchaser will hold a public hearing as required by law on the proposed purchase contemplated hereby to determine whether or not such purchase is in the public interest.

NOW, THEREFORE, in consideration of the foregoing recitals and benefits to be derived from the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser hereby agree to sell and purchase the Utility System upon the following terms and conditions:

1. **RECITALS.** The foregoing recitals are true and correct and are incorporated herein.

2. **COVENANT TO PURCHASE AND SELL; DESCRIPTION OF PURCHASED ASSETS.**
 - a. Purchaser shall buy from Seller, and Seller shall sell to Purchaser, the Purchased Assets (as defined below) upon the terms, and subject to the conditions precedent, set forth in this Agreement.

 - b. "Purchased Assets" means all of Seller's rights, title, and interest in and to all assets, business properties, and rights, both tangible and intangible, constituting the Utility System, including, but not limited to, Seller's rights, title, and interest in and to the following (but excluding the "Excluded Assets, as defined in Article 2.c. below):
 - i. The real property and interests in real property owned and held by Seller, in fee simple, and all buildings and improvements located thereon, as identified in **Exhibit "A"** to this Agreement ("Real Property").

 - ii. All easements, licenses, prescriptive rights, rights-of-way and rights to use public and private roads, highways, canals, streets and other areas owned or used by Seller for the construction, operation and maintenance of the Utility System including, but not limited to, those identified in **Exhibit "B"** to this Agreement.

 - iii. All water distribution facilities, water treatment facilities, wells, wastewater collection, treatment and disposal facilities of every kind and description whatsoever that constitute part of the Utility System, including but not limited to generators, pumps, plants, tanks, lift stations, transmission mains, distribution mains, supply pipes, collection pipes or facilities, irrigation quality water and effluent disposal facilities, valves, meters, meter boxes, service connections and all other physical facilities, equipment and property installations owned by Seller and used in connection with the Utility System, wherever they may be stored, together with all additions or replacements thereto, including, but not limited to those identified in **Exhibit "C"** to this Agreement.

 - iv. The following, but only to the extent that Seller's right, title, or interest is transferable: (1) all certificates, permits, license rights, consents, grants, leaseholds, and similar rights relating to the construction, maintenance, and operation of the Utility System and its plants and systems for the procuring, storage and distribution of potable water and the collection and disposal of wastewater, and every right of every character whatever in connection therewith, subject to the obligations thereof (collectively, the "Certificates"); and (2) all water rights, flowage rights and riparian rights and all

renewals, extensions, additions or modifications of any of the foregoing; together with all rights granted to Seller under the foregoing Certificates, including, but not limited to those identified in **Exhibit "D"** to this Agreement. **Exhibit "D"** shall also identify any of the foregoing Certificates which, to Seller's knowledge, are not transferable or which require third party consents to transfer.

- v. All items of inventory owned by Seller on the Closing Date for use in connection with the maintenance and operation of the Utility System, which inventory shall not be unreasonably depleted prior to that date, including without limitation, all meters, pumps, pipes, valves, plumbing fixtures, chemicals, stored water, spare parts, and other materials and supplies used by Seller, including, but not limited to those identified in **Exhibit "E"** to this Agreement.
- vi. All supplier lists, customer records, developer files, receipts for payment of connection charges, prints, blueprints, plans, engineering reports, surveys, specifications, shop drawings, equipment manuals, maps, CAD reproductions, and other information in Seller's possession, including any rights of Seller to obtain copies of such items from engineers, contractors, consultants or other third parties, in paper and electronic form.
- vii. All sets of record drawings, including as-built drawings, showing all facilities of the Utility System, including all original tracings, sepias, maps, CAD reproductions or other reproducible materials in Seller's possession, including any rights of Seller to obtain copies of such items from engineers, contractors, consultants or other third parties, in paper and electronic form.
- viii. All rights of Seller under any Developer Agreements, as identified in **Exhibit "F"** to this Agreement, which are assumed by Purchaser pursuant to Article 10.b.v. (the "Developer Agreements").
- ix. All rights of Seller under the Contracts and Leases, as identified in **Exhibit "G"** to this Agreement, which shall include, but not be limited to all agreements with respect to bulk service, effluent disposal and reuse, which are assumed by Purchaser pursuant to Article 10.b.iv (the "Contracts and Leases"). **Exhibit "G"** shall contain a schedule identifying any third party consents necessary for such assumptions.
- x. All equipment, computers, software, tools, parts, laboratory equipment, office equipment, intellectual property owned or licensed by Seller and other personal property owned by Seller and used by Seller in connection with the construction, maintenance, or operation of the Utility System.

3. **PURCHASE PRICE.**

- a. On the Closing Date, Purchaser shall pay to Seller, subject to the additions, adjustments and prorations referenced in this Agreement, a cash payment in the amount of \$16,800,000 ("Purchase Price"), allocated as follows: (i) \$15,800,000 to Lindrick Service Corporation; and (ii) \$1,000,000 to Pasco Reserve, Inc. Any adjustment of the Purchase Price shall be allocated between Lindrick Service Corporation and Pasco Reserve, Inc. pro-rata, based on the price allocation specified in the preceding sentence. Purchaser shall pay Seller at Closing the Purchase Price in immediately available funds by wire transfer pursuant to wire instructions to be provided by Seller at Closing. For federal income tax purposes and all other purposes, the Purchase Price (including any adjustments of the Purchase Price) shall be allocated among the Purchased Assets in a manner set forth in writing and signed by Purchaser and Seller on or before the Closing Date.
- b. Purchaser will provide to Seller or its affiliates a credit at the time of connection against any service availability, plant capacity or reserve capacity charges for water and wastewater service (collectively "Impact/Connection Fees") which may be imposed by the Purchaser for lots and parcels owned by Seller or its affiliates and described in **Exhibit "H"** (the "Seller Parcels"). Such credits for Impact/Connection Fees shall be transferrable and assignable to any purchaser of any Seller Parcel. The credits shall run with the land and shall be evidenced by a Impact/Connection Fee Credit Agreement to be entered into between the parties hereto and recorded at Seller's expense in the Public Records of Pasco County, Florida. Purchaser shall use its best efforts to expeditiously increase its current Impact/Connection Fees as specified in the Impact/Connection Fee Credit Agreement (as included in **Exhibit "H"**) for all new units located within the Utility Service Area.

4. **REPRESENTATIONS AND WARRANTIES OF SELLER.** As a material inducement to Purchaser to execute this Agreement and perform its obligations hereunder, Seller represents and warrants to Purchaser as follows:

- a. Lindrick Service Corporation is a duly organized, validly existing corporation, and its status is active under the laws of the State of Florida. Lindrick Service Corporation has all requisite corporate power and authority to (i) enter into this Agreement, and (ii) perform all of the terms and conditions of this Agreement.

Pasco Reserve, Inc. is a duly organized, validly existing corporation, and its status is active under the laws of the State of Florida. Pasco Reserve, Inc. has all requisite corporate power and authority to (i) enter into this Agreement, and (ii) perform all of the terms and conditions of this Agreement.

- b. The Boards of Directors of Seller have approved Seller entering into this Agreement.
- c. This Agreement constitutes, and all other agreements to be executed by Seller with respect to this Agreement will constitute when executed and delivered, valid and binding obligations of Seller, enforceable in accordance with their terms.
- d. The execution, delivery and performance of this Agreement will not violate any provision of law, order of any court or agency of government applicable to Seller, the Articles of Incorporation or By-Laws of Seller, nor any indenture, agreement, or other instrument to which Seller is a party, or by which it is bound.
- e. Seller has exclusive possession, control and ownership and good and marketable title to all Real Property, including that used or located on property controlled by Seller in its business on the date of this Agreement. Seller makes no representation or warranty as to the condition of the Real Property, and Purchaser acknowledges that it is accepting the Real Property in accordance with, and solely in reliance on, the Title Policy referenced in Article 6 hereof.
- f. Seller has exclusive ownership, possession, control, and good and marketable title to all Purchased Assets including those used or located on the Real Property. At Closing, the Purchased Assets consisting of personal property are subject to no mortgage, pledge, lien, charge, security interest, or encumbrance, except Permitted Encumbrances. At Closing, Seller shall deliver title to such personal property free and clear of all debts, liens, pledges, charges or encumbrances whatsoever, except Permitted Encumbrances. Seller makes no representation or warranty as to the condition of such personal property, and Purchaser acknowledges that it is relying on its own investigation in its decision to consummate the transaction contemplated hereby.
- g. Environmental Law Compliance.
 - i. Definitions.
 - 1. "Environmental Law" means any federal, state, or local statute, regulation, or ordinance, relating to the protection of human health or the environment in effect as of the Closing Date and includes, but is not limited to, The Florida Air and Water Pollution Control Act (Chapter 403, Florida Statutes), the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA")(42 U.S.C. § 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and the Safe Drinking Water Act, (42 U.S.C. § 300f et seq.), as such have been amended or supplemented as of the Closing

Date, the regulations promulgated pursuant thereto, and in effect as of the Closing Date and any conditions and requirements contained in any permits possessed by Seller from any federal, state or local agencies necessary to operate the Utility System.

2. "Hazardous Material" means petroleum or any substance, material, or waste which is regulated under any Environmental Law in Florida, without limitation, any material or substance that is defined as or considered to be a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "pollutant," "toxic waste," or "toxic substance" under any provision of Environmental Law.
 3. "Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, or dispersal into the environment, at or from any property owned or operated by Seller or related to Hazardous Materials generated by Seller, which is prohibited under any Environmental Law.
 4. "Remedial Action" means all actions required under applicable Environmental Laws to (i) clean up, remove, or treat any Hazardous Material to levels at which no further action is required; (ii) prevent the further Release or threat of Release, or minimize the further Release of any Hazardous Material so it does not endanger or threaten to endanger public health or welfare or the environment; or (iii) perform pre-remedial studies and investigations or post-remedial monitoring and care directly related to or in connection with any such remedial action.
- ii. Representations. To Seller's knowledge:
1. Seller is in material compliance with all applicable Environmental Laws and is not aware of any facts that would be a basis for Seller to believe any such liability exists.
 2. Seller has obtained all permits required, or has submitted applications for such permits in a timely manner, under applicable Environmental Laws necessary for the operation of its business as presently conducted as of the date of this Agreement.
 3. Except as set forth in this Agreement, Seller has not received within the last three years written notice of any material violation by Seller of applicable federal, state or local statutes, laws and regulations (including, without limitation, any applicable environmental, building, zoning, or other law,

ordinance or regulation) relating to the Utility System, which has not been cured.

4. No polychlorinated biphenyl or asbestos-containing materials, in violation of Environmental Law, are present at the Real Property, nor are there any underground storage tanks, active or abandoned, at the Real Property.
 5. There is no Hazardous Material in violation of Environmental Law located at any of the Real Property other than chemicals used for treatment (such as chlorine); the Real Property is not listed or formally proposed for listing under CERCLA, the Comprehensive Environmental Response, Compensation Liability Information System ("CERCLIS") or on any similar state list that is the subject of federal, state, or local enforcement actions or other investigations that may lead to claims against Seller for clean-up costs, remedial work, damages to natural resources, or for personal injury claims, including, but not limited to, claims under CERCLA; and Seller is aware of no facts that would form the basis for Seller to be named in such claims or for any similar action to be brought against Seller.
 6. No written or to Seller's knowledge verbal notification of a Release of a Hazardous Material has been filed by or on behalf of Seller with respect to the Real Property. No such Real Property is listed or proposed for listing on the National Priority List promulgated pursuant to CERCLA, or CERCLIS, or any similar state list of sites requiring investigation or clean up.
 7. No Hazardous Material has been released in material violation of Environmental Law at, on, or under the Real Property during the time period that Seller has owned the Real Property.
- h. Except as provided in **Exhibit "I"** hereto, there are no current actions, suits or proceedings at law or in equity pending or, to Seller's knowledge, threatened against the Seller before any federal, state, municipal or other court, administrative or governmental agency or instrumentality, domestic or foreign, which affect the Utility System or any of the Purchased Assets or the Seller's right and ability to make and perform its obligations under this Agreement; nor is the Seller aware of any facts which to its knowledge are likely to result in any such action, suit or proceeding. Seller is not in material default with respect to any permit, order or decree of any court or of any administrative or governmental agency or instrumentality affecting the Utility System or any of the Purchased Assets. Seller agrees and warrants that it shall have a continuing duty to disclose up to and including the Closing Date the existence and nature of all pending judicial

or administrative suits, actions, proceedings and orders which in any way relate to the operation of the Utility System.

- i. To Seller's knowledge, no representation or warranty made by the Seller in this Agreement contains any untrue statement of material facts or omits to state any material fact required to make the statements herein contained not misleading.

5. **REPRESENTATIONS AND WARRANTIES OF PURCHASER.** As a material inducement to Seller to execute this Agreement and to perform its obligations hereunder, Purchaser represents and warrants to Seller as follows:

- a. Purchaser is a duly organized and validly existing legal entity and public body of the State of Florida created by Interlocal Agreement pursuant to Section 163.01(7)(g), Florida Statutes. Purchaser has all requisite power and authority to (i) enter into this Agreement, and (ii) carry out and perform the terms and conditions of this Agreement.
- b. This Agreement constitutes, and all other agreements to be executed by Purchaser with respect to this Agreement will constitute when executed and delivered, valid and binding obligations of Purchaser, enforceable in accordance with their terms.
- c. Execution, delivery and performance of this Agreement will not violate any provision of law, order of any court or agency of government applicable to Purchaser, nor any indenture, agreement, or other instrument to which Purchaser is a party, or by which it is bound.
- d. All necessary public hearings required to authorize Purchaser's purchase of the Purchased Assets and Purchaser entering into this Agreement will have been duly held prior to the Closing Date.
 - (i) Purchaser shall arrange for its contract operator to consider offers of employment to employees of the Seller that are legally eligible for employment. At least ten (10) days prior to Closing, Purchaser will provide Seller with a list of employees to whom Purchaser or its contract operator have made an offer of employment that has been accepted, with such offer to be effective on the Closing Date (the "Hired Active Employees"). Subject to legal requirements and to Seller securing the appropriate consents and releases from the affected employees, Purchaser and contract operator will have reasonable access to personnel records (including performance appraisals, disciplinary actions, grievances and medical records) of Seller for the purpose of preparing for and conducting employment interviews with all employees and will conduct the interviews as expeditiously as possible after the execution date of this Agreement. Purchaser shall protect the confidentiality of all such records to the extent permissible under applicable law.

- (ii) Purchaser or its contract operator shall inform Seller promptly of the identities of those employees to whom it will not make employment offers.
- (iii) It is understood and agreed that (A) Purchaser's expressed intention to extend offers of employment as set forth in this section shall not constitute any commitment, contract or understanding (express or implied) of any obligation on the part of Purchaser to a post-Closing employment relationship of any fixed term or duration or upon any terms or conditions other than those that Purchaser may establish pursuant to individual offers of employment, and (B) employment offered will be "at will" and may be terminated by contract operator or by an employee at any time for any reason (subject to any written commitments to the contrary made by contract operator or an employee, and any applicable legal requirements). Nothing in this Agreement shall be deemed to prevent or restrict in any way the right of Purchaser or contract operator to terminate, reassign, promote or demote any of the Hired Active Employees after the Closing or to change adversely or favorably the title, powers, duties, responsibilities, functions, locations, salaries, other compensation or terms or conditions of employment of such employees.

6. **TITLE INSURANCE AND PERMITTED ENCUMBRANCES.**

- a. At least twenty (20) days prior to the Closing, Seller shall, through a title insurance agent of its choice (the "Title Agent"), cause a current title insurance commitment to be issued by a title insurance company authorized to conduct business in Florida (the "Title Insurer"), and delivered to Purchaser and Seller, covering the Real Property in an amount equal to \$ 3,000,000. The cost of the title insurance commitment and title insurance policy shall be borne by Seller. The title insurance commitment shall commit the Title Insurer to issue owner's title insurance policies to Purchaser covering the Real Property (substantially in accordance with the ALTA Standard Owner's Form B), reflecting title to the Real Property to be insurable, except for the Permitted Encumbrances (as defined in Article 6.f. below), the standard printed exceptions usually contained in an owner's title insurance policy, and the standard exclusions from coverage; provided, however, that the Title Insurer shall delete the standard exceptions customarily deleted for such items as materialman's liens, survey, and mechanic's liens. Seller shall execute at or prior to Closing, in favor of Purchaser and the Title Agent the appropriate mechanic's lien affidavit and "Gap" affidavit sufficient to allow the Title Agent to delete all standard exceptions addressed by such affidavits.

Purchaser shall notify Seller in writing no less than ten (10) days after receipt of the title insurance commitment of any material defect in Seller's title to the Real Property, other than those accepted herein and the Permitted Encumbrances. Such written notice shall identify all exceptions, encumbrances, liens, easements, covenants, restrictions or other defects in Seller's title to the Real Property (other than the Permitted

Encumbrances) which render or may render Seller's title to the Real Property (i) unmarketable in accordance with standards adopted by The Florida Bar, or (ii) uninsurable. Any objections to title to the extent not shown on the notice furnished by Purchaser in accordance with the provisions of this paragraph shall be deemed to have been waived by Purchaser and Purchaser shall not be entitled to any damages or other remedies. Seller shall have ten (10) days after receipt of Purchaser's notice to eliminate the objections to title set forth in Purchaser's notice. However, in no event shall Seller be required to bring suit or expend any sum in excess of \$50,000 in the aggregate to cure title defects (exclusive of mortgages against the Real Property) that Seller has an obligation to discharge on or before Closing pursuant to the terms of this Agreement. If Seller fails to deliver title as herein provided, then Purchaser may:

- i. Accept whatever title Seller is able to convey with no abatement of the Purchase Price; or
 - ii. Reject title and terminate this Agreement with no further liability to either Purchaser or Seller.
- b. Purchaser may not object to title by reason of the existence of any mortgage, lien, encumbrance, covenant, restriction or other matter that (i) may be satisfied with a payment of money and Seller advises Purchaser that Seller elects to do so by paying same at or prior to the Closing; (ii) any mechanic's lien or other encumbrance that can be released of record, bonded or transferred of record to substitute security so as to relieve the Real Property from the burden thereof and Seller advises Purchaser that Seller elects to do so at or prior to Closing; or (iii) the Title Insurer affirmatively insures-over.
- c. Purchaser shall have the right, but not the obligation, to do such surveys on the Real Property as Purchaser desires. Surveys procured by Purchaser shall be at the sole cost and expense of Purchaser.
- d. If Purchaser desires to have any standard survey exceptions deleted or modified in the title policy, Purchaser shall deliver to the Title Agent, no later than thirty (30) days prior to the Closing, properly certified and current original surveys of the specified Real Property that comply with Florida law. As to each survey timely delivered by Purchaser, the Title Policy shall include a "blanket exception" as to the applicable fee parcel/survey.
- e. Title Agent shall deliver, promptly after Closing, the title insurance policy issued on the binder.
- f. "Permitted Encumbrances" include the following:
- i. All present and future building restrictions, zoning regulations, laws, ordinances, resolutions, regulations and orders of any

governmental authority having jurisdiction over the Real Property and the use thereof.

- ii. Easements, restrictions, reservations, rights-of-way, conditions and limitations of record, if any, which are not coupled with any reverter or forfeiture provisions, including (without limitation) any drainage, canal, mineral, road, or other reservations of record in favor of the State of Florida or any of its agencies or governmental or quasi-governmental entities, or as may be set forth in any "Murphy Deeds", none of which, however, shall impair or restrict the use of the Real Property or the operation of the Utility System.
- iii. Such other matters as are allowed under the terms of this Agreement, including the Developer Agreements.

7. **CONDITIONS PRECEDENT TO CLOSING.** The obligations of each party to close the transaction contemplated by this Agreement are subject to the conditions that at or before Closing:

- a. Neither Party is prohibited by decree or law from consummating the transaction.
- b. There is no legal action or proceeding pending that prohibits the acquisition or sale of the Purchased Assets or prohibits Purchaser or Seller from closing the transaction or Purchaser from paying the Purchase Price, or that inhibits or restricts in any material manner Purchaser's use, title, or enjoyment of the Purchased Assets.
- c. Each of the parties hereto has performed all of the undertakings required to be performed by them under the terms of this Agreement.
- d. There is no material adverse change in laws that specifically apply to water or waste water utilities systems or in the condition of the Purchased Assets or the Utility System. For purposes of this Agreement, a "material adverse change" shall mean any such change that, either individually or in the aggregate, shall have been or insofar as can reasonably be foreseen will be materially adverse to the condition of the Purchased Assets or to the business operations of the Utility System or the Purchased Assets. However, a "material adverse change" does not include any of the following: (i) any action taken by Seller at Purchaser's written request; (ii) any general economic, political, and financial market changes, foreign or domestic; (iii) changes in laws or regulations or interpretations thereof that do not specifically apply to water or waste water utilities; (iv) weather or a natural disaster, to the extent it does not physically damage the Utility System or cause the loss of two percent (2%) or more of Seller's customer base; or (v) any circumstance, change or effect that results from any action taken at the request of Purchaser.

- e. All warranties and representations of the other party are true in all material respects as of the Closing, except to the extent they specifically refer to another date.
 - f. The extension of the term of the Bulk Wastewater Treatment Agreement between the City of New Port Richey and Lindrick Service Corporation dated May 12, 1998 for ten (10) years, and approval by the City of New Port Richey of the assignment of such agreement by Seller to Purchaser to be effective upon Closing.
 - g. Purchaser is able to negotiate and execute a Bulk Water Purchase Agreement between the City of New Port Richey and the Purchaser authorizing a minimum purchase of 100,000 gallons per day (gpd) of water to be effective upon Closing.
8. **PRE-CLOSING CONDUCT; COVENANTS.** Prior to Closing the parties covenant and agree to conduct themselves as follows:
- a. Purchaser is relying upon its own due diligence investigation in entering into this Agreement. The Purchaser shall have thirty (30) days after the execution of this Agreement to complete, at its expense, any financial, legal, environmental, engineering and operational compliance investigation of the Utility System and the Purchased Assets. Purchaser shall have the right to terminate this Agreement for any material defect or problem revealed including, but not limited to, any terms of the Seller's contracts which would cause a material adverse change in the long term operation of the Utility System or the Purchased Assets from the current operation. Purchaser shall provide Seller with written notice of termination within ten (10) days of completion of due diligence. During the thirty (30) day due diligence period, Seller shall provide Purchaser and its representatives reasonable access to the Utility System and Purchased Assets, during business hours, following reasonable notice from Purchaser.
 - b. Seller shall provide Purchaser or continue to provide Purchaser with ready access to inspect and copy the following to the extent they are in the possession of Seller, its employees, representatives, consultants or agents (including accountants, lawyers, engineers, surveyors and other contractors utilized by Seller):
 - i. All plans and specifications showing the Utility System as now constructed (as-built), including any under construction, together with a detailed engineering map showing the Utility System and appurtenances as now constructed.
 - ii. The developer agreements identified in **Exhibit "F"** together with a schedule identifying (i) committed water and wastewater capacity pursuant to such agreements or any other agreements committing or reserving such capacity to any entity or individual and (ii) any advances for construction, advance facility charges, pre-paid

connection charges or other such payments or charges made pursuant to any such agreements.

- iii. The contracts and leases identified in **Exhibit "G."**
 - iv. Documents identifying equipment, computers, software, vehicles, tools, parts, laboratory equipment, office equipment, and all other personal property owned or used by Seller in connection with the operation of the Utility System.
 - v. A Schedule and copies of documents reflecting the rates, fees and charges currently being collected by Seller.
 - vi. Copies of permits, applications, or other documents, together with effective dates and expiration dates (if any), issued to Seller by all applicable governmental authorities including, but not limited to: (a) the Florida Department of Environmental Protection, (b) the United States Environmental Protection Agency, and (c) the Southwest Florida Water Management District.
 - vii. List of customers, customer deposits and accounts receivable by name and account number, setting forth the amount of each individual deposit and receivable and their aggregate totals and identifying each deposit as refundable or non-refundable.
 - viii. All warranties held by Seller with respect to completed, or in progress, construction work with respect to the Utility System, in addition to a copy of all warranties relating to the Purchased Assets.
 - ix. Any and all effective insurance policies with respect to the Purchased Assets and Utility System.
 - x. Deeds and other evidence of ownership or rights to the Real Property identified in **Exhibit "A."**
 - xi. Surveys of the Real Property.
 - xii. The easements, licenses, prescriptive rights and rights-of-way identified in **Exhibit "B."**
 - xiii. All environmental permits and applications.
 - xiv. The payroll for all office personnel, operators and field employees and the employee benefit plan for such employees and such other information relating to employees as may be requested by Purchaser or its contract operator.
- c. Purchaser may cause to be performed at its sole expense a Phase I Environmental Survey (and a subsequent Phase II, if necessary) of the Real Property or any parcel thereof. A Copy of the report or reports shall

be provided to Seller within five (5) days of receipt by Purchaser, but shall otherwise be kept confidential by Purchaser to the extent permitted by applicable law. If such Survey discloses the presence of any Hazardous Material, Seller shall have the right to perform such cleanup and remediation as is necessary hereunder. Upon Seller's failure to perform such cleanup and remediation prior to Closing, Purchaser may elect, as its sole remedy, to either (i) terminate this Agreement, in which event neither party shall have any liability to the other; or (ii) proceed to Closing without abatement of the Purchase Price. Purchaser acknowledges and agrees that, notwithstanding Seller's representations under Article 4.g. of this Agreement, Purchaser shall rely exclusively on its own inspections and investigations, including any Environmental Surveys that it obtains in accordance with this Article 8.c., with respect to any environmental issues relating to the Purchased Assets and in determining whether to complete the purchase of the Purchased Assets.

- d. During the period between the date of this Agreement and the Closing, Seller shall:
- i. Operate and maintain the Utility System and Purchased Assets in a normal and ordinary manner to ensure that the condition of the Utility System and the Purchased Assets and the inventory on hand shall not be materially diminished or depleted, normal wear and tear and usage excepted;
 - ii. Promptly notify Purchaser of any notification received by Seller from any governmental authority, person, business, or agency of any existing or potential Environmental Law violation;
 - iii. Make no unbudgeted capital expenditures in excess of \$10,000 without the prior written consent of Purchaser;
 - iv. Provide Purchaser and its representatives with reasonable access to the business premises, Utility System, Purchased Assets, Seller's books and records, employees, agents, or representatives, on reasonable advance notice and during business hours.
 - v. Promptly notify Purchaser of any event, activity or occurrence that, to Seller's knowledge, has or is reasonably likely to have, a material adverse effect upon the Utility System, the Purchased Assets or this transaction.
 - vi. Maintain its existing levels of insurance on the Purchased Assets and Utility System. The risk of any loss of the Purchased Assets shall remain with Seller until closing.
 - vii. Not enter into any new developer agreements or modify any existing developer agreements.

- viii. Not accept payment of connection charges or other monetary payment in lieu of contributed property pursuant to the terms of any current or future developer agreements. If Seller violates this covenant, the Purchase Price shall be reduced by the amount of any such connection charges.

9. **TERMINATION OF AGREEMENT.**

- a. This Agreement may be terminated (i) by mutual written consent of the parties, (ii) by either party if the transactions contemplated hereby have not closed by December 31, 2009, or (iii) as provided in paragraphs b. and c. below.
- b. Purchaser may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:
 - i. The failure, in any material respect, of any conditions precedent to closing set forth in Article 7.
 - ii. Any material breach of this Agreement by Seller including, but not limited to, a material breach of any representation, covenant or warranty if Seller has not cured such breach on or before Closing.
 - iii. Purchaser cannot issue thirty year revenue bonds within the following parameters: (A) a true interest cost not exceeding 5%; (B) debt proceeds equal to at least \$25,400,000; (C) an "A-" rating or better from Moody's Rating Service or Standard and Poor's Rating Service; and (D) standard redemption provisions with an optional redemption price of no greater than par. Subject in each case to the review and approval of the Purchaser's financial advisor that such parameter has been met. In the event that Purchaser is unable to achieve an "A-" rating or other parameters in this subsection, the parties agree that Purchaser, in its sole discretion, has the right, but not the obligation, to finance the purchase using a bank loan or other available financing method, provided that Purchaser determines it is in the long term best interest of Purchaser to do so and Pasco County approves the use of such bank loan or other available financing method. In the event that Purchaser exercises the right to terminate this Agreement, Purchaser shall immediately notify Seller in writing of such determination, with such notice setting forth in reasonable detail the basis upon which such determination was made.
 - iv. Any other basis for termination by Purchaser set forth in this Agreement.
- c. Seller may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:

- i. The failure, in any material respect, of any of the conditions precedent to closing set forth in Article 7.
 - ii. Any material breach of this Agreement by Purchaser including, but not limited to, a material breach of any representation, covenant or warranty if Purchaser has not cured such breach on or before Closing.
 - iii. Any other basis for termination by Seller set forth in this Agreement.
- d. Upon the occurrence of any of the bases for termination of this Agreement, the party seeking to terminate this Agreement shall provide written notice of its termination of this Agreement to the other party by delivering the notice as provided in section 12.c.
- e. Upon the termination of this Agreement, the following shall occur:
- i. Except as otherwise set forth in this Agreement, each party shall be responsible for payment of its own attorney and other professional fees and other costs of any nature whatsoever incurred prior to the termination of this Agreement.
 - ii. Except as provided in Article 9.f. below, there shall be no liability and no further obligations between or among the Purchaser or Seller, or their respective officers, directors, representatives or consultants, other than as provided for herein.
- f. If no basis for termination exists as set forth in this Agreement and if, on or before January 31, 2010, (i) a party (either Purchaser or Seller) to this Agreement (the "First Party") is ready, willing and able to complete the sale and purchase of the Purchased Assets on the terms set forth in this Agreement, (ii) all conditions precedent to the obligations of the other party (the "Other Party") set forth in Article 7 have been satisfied (or waived by the Other Party), and (iii) the Other Party is unable or otherwise declines for any reason to complete the sale and purchase of the Purchased Assets on the terms set forth herein, then the Other Party shall be in breach of this Agreement and the First Party shall have the right (1) to specific performance of the Other Party's obligation to complete the sale and purchase of the Purchased Assets, and (2) to recover the reasonable fees and expenses of attorneys' and expert witnesses incurred (at all levels of litigation) in enforcing its rights under this Agreement. The provisions of this Article 9.f. shall survive any termination of this Agreement.

10. **CLOSING.**

- a. This transaction shall be closed on or before January 31, 2010, at the law office of Nabors, Giblin & Nickerson, P.A., located in Tampa, Florida. All Closing procedures shall be subject to the customary and reasonable requirements of the underwriters selected by the Purchaser, the

purchasers of the Bonds or the provider of any interim financing. The Purchaser's obligation to close the transactions contemplated in this Agreement shall be expressly conditioned upon the issuance of such Bonds.

- b. At Closing:
- i. Purchaser shall pay the Purchase Price, subject to any adjustment as provided for in this Agreement.
 - ii. The parties shall execute such documents as are necessary to secure Purchaser's obligation to provide credits pursuant to section 3.b.
 - iii. Title to the Real Property shall be conveyed to Purchaser by Special Warranty Deed free of all claims, liens, or encumbrances whatsoever, other than Permitted Encumbrances. Title to the remaining Purchased Assets shall be conveyed to Purchaser by Bill of Sale free of all claims, liens, or encumbrances, whatsoever, other than Permitted Encumbrances. Seller shall further provide to Purchaser such other instruments of conveyance as shall be, in the reasonable opinion of Purchaser and its counsel, necessary to transfer the Utility System and Purchased Assets in accordance with this Agreement and, when necessary or desirable, in recordable form.
 - iv. Seller shall assign its right, title and interest in those easements, licenses, etc. identified in **Exhibit "B."**
 - v. Seller and Purchaser shall enter into separate Assignment and Assumption Agreements with respect to the (i) Developer Agreements identified in **Exhibit "F"**, and (ii) the Contracts and Leases to be assumed by Purchaser identified in **Exhibit "G."** Notwithstanding the foregoing, during the thirty-day due diligence period provided under Article 8.a. of this Agreement, Purchaser may give Seller written notice of Purchaser's decision not to permanently assume any one or more of the Developer Agreements or Contracts and Leases that Purchaser determines, in its sole discretion, are not consistent with the ordinary business practices of Purchaser and Purchaser's best interest, in which event Seller may elect to terminate this Agreement and refuse to close, without any liability on the part of either party. Purchaser agrees that it may need to use Seller's existing billing service provided by Severn Trent for up to one hundred and twenty (120) days after Closing and, in such event, agrees to pay Severn Trent for services rendered.
 - vi. Purchaser represents and warrants that since its creation, it has been exempt from payment of documentary stamp taxes in each of its previous transactions whereby it purchased utility assets from a unrelated private utility like Seller. To the extent that documentary

stamp taxes are due and payable, such taxes and any related penalty shall be paid by the Seller.

- vii. Recording fees to record the deeds and any other instruments necessary to deliver title to the Purchaser shall be paid by the Purchaser.
- viii. Seller shall file, before they become past due, all tax returns and shall pay, when due, all taxes due and owing from the operation of the Utility System and the sale thereof to Purchaser.
- ix. Seller shall be responsible for any past due and all ad valorem taxes, prorated through the Closing in accordance with the requirements of Section 196.295, Florida Statutes, and shall escrow funds with the Pasco County Tax Collector if so required.
- x. As an adjustment to the Purchase Price, Seller shall receive credit in an amount equal to 95% of Seller's accounts receivable which are less than forty-five (45) days old for monthly water and wastewater service, net of any credit balances. Seller shall furnish to Purchaser at least seven (7) days prior to Closing a list of its accounts receivable by customer and individual amounts due. Additionally, Seller and Purchaser shall agree to an estimate (such estimate to be made up to the date of Closing) of 95% of the gross revenue for water and wastewater services rendered by Seller not less than seven (7) days prior to Closing but not yet billed as of the Closing, and the estimated amount shall be applied to the Closing Statement as a credit to Seller. Purchaser shall be entitled to all revenues collected after Closing.
- xi. Impact/Connection Fees (defined as plant capacity, transmission line capacity, or other unit connection fees paid for the availability of utility capacity), if any, received by Seller prior to Closing shall be retained by Seller as of the Closing Date. Impact/Connection Fees imposed by Purchaser and paid after the Closing Date shall be the property of Purchaser for all units not owned by Seller or its affiliates.
- xii. Each of the parties shall pay the fees of its own attorneys, bankers, engineers, accountants, and other professional advisers or consultants incurred in connection with the negotiation and execution of this Agreement.
- xiii. All costs for services, materials and supplies rendered in connection with the operation of the Utility System prior to and including the day of Closing including, but not limited to, electricity, purchased water or wastewater service, sludge hauling, telephone service and other such services, materials and supplies ("Accounts Payable") shall be paid by Seller. Purchaser shall be responsible for all such costs and expenses incurred subsequent to Closing. No prorations

shall be made at Closing and Purchaser shall initiate new contracts with all vendors or suppliers of materials, supplies and services as Purchaser may desire.

- xiv. Seller shall convey to Purchaser by electronic transfer of funds all customer deposits and interest accumulated thereon through the day of Closing. Purchaser shall assume liability for customer deposits which are conveyed to Purchaser by Seller at Closing.
- xv. Purchaser shall reimburse or credit Seller for capital improvements identified as necessary by Purchaser in **Exhibit "J"** which are completed by Seller prior to the Closing. Purchaser has specifically requested that such improvements be made by Seller at Purchaser's expense, provided that such work is to be verified by Purchaser's operator.
- xvi. Each party shall deliver to the other party a certificate stating that:
 - 1. The party is not prohibited by decree or law from consummating the transaction contemplated hereby.
 - 2. There is not pending on the Closing Date any legal action or proceeding that hinders the ability of such party to close the transaction.
 - 3. All representations and warranties of such party contained in this Agreement are true and correct in all material respects as of the Closing, and such party has complied in all material respects with its covenants under this Agreement.
- xvii. Seller shall deliver to Purchaser, in a form reasonably acceptable to Purchaser, an opinion of Seller's counsel substantially to the effect that:
 - 1. Seller is validly organized, existing and its status is active under the laws of the State of Florida.
 - 2. This Agreement has been duly and validly executed and approved by Seller and is a valid and binding agreement upon Seller.
 - 3. To Seller's counsel's knowledge, the execution, delivery and performance of this Agreement will not violate any material agreement of or binding on, or any law applicable to, Seller.
 - 4. Neither the execution nor the delivery of the Closing documents will conflict with or result in a material breach by Seller or constitute a default or an event of default under any material contract, agreement, instrument, court order, or judgment of which such counsel has knowledge or any

Florida or United States federal law that is applicable to Seller.

5. Such Seller's counsel does not represent Seller in connection with any proceedings or claims pending against Seller in any court of law or in equity, or before or by any instrumentality which, if determined adversely to the same, would have an adverse effect upon Purchaser's rights under the Closing documents.
 6. Except for FPSC approval of the sale of the Utility System to Purchaser, which sale the FPSC is required to approve as a matter of right under Section 367.071, Florida Statutes, to Seller's Counsel's knowledge no consent, approval or other action by any United States, federal or state regulatory authority or other person or entity is required for the execution, delivery or performance of any of the Closing documents by Seller or to establish the validity or enforceability of such documents by Purchaser.
- xviii. Purchaser shall deliver to Seller in a form acceptable to Seller, an opinion of Purchaser's counsel substantially to the effect that:
1. Purchaser is validly organized and existing as a public body of the State of Florida pursuant to the interlocal agreement and Florida Statutes.
 2. This Agreement has been duly and validly executed and approved by Purchaser and is a valid and binding agreement upon Purchaser.
 3. To Purchaser's counsel's knowledge, the execution, delivery and performance of this Agreement will not violate any agreement of, or binding on, or any law applicable to, Purchaser.
 4. Neither the execution nor the delivery of the Closing documents will conflict with or result in a material breach by Purchaser or constitute a default or an event of default under any contract, agreement, instrument, court order, judgment or law to which any of the same may be bound.
 5. To Purchaser's counsel's knowledge, there are no proceedings or claims pending or threatened against or affecting Purchaser in any court of law or in equity, or before or by any instrumentality which, if determined adversely to the same, would have an adverse effect upon Seller's rights under the Closing documents.

6. No consent, approval or other action by any bank or other lender or any United States, federal or state regulatory authority or other person or entity is required for the execution, delivery or performance of any of the Closing documents by Purchaser or to establish the validity or enforceability of such documents by Seller.

11. **POST CLOSING COOPERATION.**

- a. After Closing, Seller and Purchaser shall upon reasonable request of the other execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such further documents, acts, deeds, assignments, transfers, powers of attorney and assurances as may be required to implement and perform any of the obligations, covenants and agreements of the parties.
- b. The respective representations and warranties of the parties contained in this Agreement or any document delivered pursuant to this Agreement shall survive the consummation of the transactions contemplated hereby and continue for a period of one year from the Closing, and thereafter shall terminate.

12. **MISCELLANEOUS PROVISIONS.**

- a. This Agreement, the Exhibits hereto, and the documents referred to herein, collectively embody the entire agreement and understandings between the parties and there are no other agreements or understandings, oral or written, that are not merged into and superseded by this Agreement. This Agreement may be executed in one or more counterparts, each of which shall be considered an original.
- b. Within thirty (30) days after the execution of this Agreement, Seller shall prepare and the Purchaser and Seller will jointly submit a notice of the impending transfer of the system to the FPSC. Seller shall file reports required to satisfy its outstanding gross receipts tax, regulatory assessment fees, and other obligations and governmental assessments through Closing. All of Seller's costs and expense relative to the termination of Seller's relationship with the FPSC shall be borne by Seller. A copy of the Commission order acknowledging sale of the system to Purchaser shall be promptly provided to Purchaser upon Seller's receipt thereof.
- c. Any notice or other document required or allowed to be given by either party to the other shall be in writing and shall be delivered personally, or by recognized overnight courier or sent by certified mail, postage prepaid, return receipt requested, or by electronic or facsimile transmission with written confirmation.

If to Seller, such notice shall be delivered at:

Lindrick Service Corporation
Pasco Reserve, Inc.
Attention: Joseph Borda
Post Office Box 1176
New Port Richey, Florida 34656

with a copy to:

D. Bruce May, Jr., Esq.
Holland & Knight, LLP
315 South Calhoun Street, Suite 600
Tallahassee, Florida 32301

If to Purchaser, such notice shall be delivered at:

Florida Governmental Utility Authority
c/o Government Services Group, Inc.
Attention: Robert Sheets
1500 Mahan Drive, Suite 250
Tallahassee, FL 32308

with a copy to:

Nabors, Giblin & Nickerson, P.A.
Attention: Brian Armstrong, Esq.
1500 Mahan Drive, Suite 200
Tallahassee, FL 32308

- d. The headings used are for convenience only, and they shall be disregarded in the construction of this Agreement.
- e. The drafting of this Agreement was a joint effort of the parties. In the interpretation hereof it shall be assumed that no party had any more input or influence than any other.
- f. This Agreement is solely for the benefit of the parties hereto and no other causes of action shall accrue upon or by reason hereof to or for the benefit of any third party who or which is not a signatory hereto.
- g. In the event any term or provision of this Agreement is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed as deleted, as such authority determines, and the remainder of this Agreement shall be construed to be in full force and effect.
- h. In the event of any litigation that arises between the parties with respect to this Agreement, the prevailing party shall be entitled to reasonable attorney fees at all trial and appellate levels, except as may be restricted by Florida law.

- i. This Agreement may be amended or modified only if executed in writing with the same formality as the original.
- j. This Agreement shall be governed by, construed and interpreted in accordance with the laws of the State of Florida.
- k. All words, terms, and conditions herein contained are to be read in concert, each with the other, and a provision contained under one heading may be considered to be equally applicable under another heading in the interpretation of this Agreement.
- l. Except as provided for herein, this Agreement may not be assigned without the prior written consent of the non-assigning party. If properly assigned, this Agreement shall be binding upon and inure to the benefit of the parties' successors and assigns.
- m. For purposes of this Agreement, an individual is deemed to have "knowledge" of a particular fact or other matter only if such individual has actual awareness of such fact or matter. All references in this Agreement to the Seller's "knowledge" means the actual knowledge of any of the following persons: Joseph R. Borda and M. Bernadette DeLuca.
- n. Seller hereby agrees that it shall, to the fullest of its ability, require any affiliate or commonly-held corporation to provide to Purchaser prior or subsequent to Closing easements, consents, or other things or acts as may be reasonably required by Purchaser to operate the Utility System subsequent to Closing.
- o. Notwithstanding anything to the contrary contained herein or in any other instrument or document executed by or on behalf of the Purchaser or Seller in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement, or obligation of any present or future member, officer, employee, contractor or agent of the Purchaser or Seller, or of any incorporator, member, director, trustee, officer, employee or agent of any successor to the Purchaser or Seller, in any such Person's individual capacity, and no such Person, in an individual capacity, shall be liable personally for any breach or non-observance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the Purchase Price or for any claim based hereon or on any such stipulation, covenant, agreement, or obligation, against any such Person, in an individual capacity, either directly or through the Purchaser or Seller or any successor to the Purchaser or Seller, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such Person, in an individual capacity, is hereby expressly waived and released. All references to the Purchaser in this paragraph shall be deemed to include the Purchaser, its Government members, Board members, officers, employees, contractors

and agents. The provisions of this Section shall survive the termination of this Agreement.

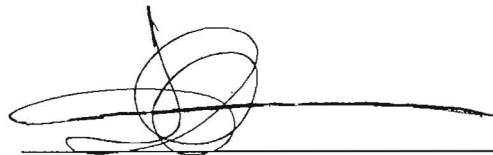
- p. This Agreement shall be binding upon the successors and assigns of the parties hereto. Purchaser may collaterally assign its rights hereunder to any financial institution providing financing in connection with the transaction contemplated hereby. Seller may assign part or all of its rights hereunder to a qualified intermediary in connection with a like-kind exchange, and the parties hereto agree that Seller may, for its business purposes, structure the disposition of all or some of its Property as a like-kind exchange under Internal Revenue Code Section 1031, at Seller's sole cost and expense.
- q. The Purchaser shall not be obligated to pay any liability arising out of or in any connection whatsoever with this Agreement from any funds except from the net revenues realized by the Purchaser after Closing from its ownership and operation of the Utility System. It is further agreed that any obligations arising in connection with this Agreement, whether for payment of the Purchase Price or for any claim of liability, remedy for breach or otherwise shall not constitute a lien on any other property or utility system owned or operated by Purchaser or any governmental member of the Florida Governmental Utility Authority. Nothing herein shall relieve the Purchaser of its obligations to pay the Purchase Price as set forth in this Agreement from the proceeds of bonds issued on the net revenues pledged from the Utility System.
- r. Purchaser and Seller agree that the City of New Port Richey has no valid and enforceable prior right of first refusal to purchase the Utility System.

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be executed the day and year aforesaid in counterparts, each counterpart to be considered an original.

ATTEST:

LINDRICK SERVICE CORPORATION



Secretary


Joseph R. Borda, President

(SEAL)

ATTEST:

PASCO RESERVE, INC.

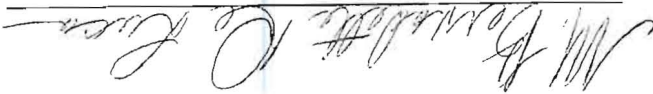


(SEAL)

Secretary



M. Bernadette DeLuca, Owner



ATTEST:

**FLORIDA GOVERNMENTAL UTILITY
AUTHORITY**

Faith Doyle
FAITH DOYLE
Jim Lavender, Vice-Chair for
(SEAL)

Lea Ann Thomas
LEA ANN THOMAS
Chair

**STATE OF FLORIDA
COUNTY OF PASCO**

The foregoing instrument was acknowledged before me this ____ day of November, 2009 by JOSEPH R. BORDA as President of Lindrick Service Corporation, a Florida corporation, on behalf of the corporation. He is personally known to me.

Notary Public

My Commission Expires:

**STATE OF FLORIDA
COUNTY OF PASCO**

The foregoing instrument was acknowledged before me this ____ day of November, 2009 by M. Bernadette DeLuca, owner of Pasco Reserve, Inc., a Florida corporation, on behalf of the corporation. He is personally known to me.

Notary Public

My Commission Expires:

**STATE OF FLORIDA
COUNTY OF PASCO**

The foregoing instrument was acknowledged before me this ^{2nd} day of November, 2009, by ~~Lea Ann Thomas, as Chair~~ ^{Jim Lavender, as Vice-Chair} of the Board of Directors of the Florida Governmental Utility Authority. ~~She~~ ^{He} is personally known to me.

JANELLE D. KUSIOLEK
Comm# DD0787939
Expires 9/18/2011
Florida Notary Assn., Inc

Janelle Kusiolek
Notary Public 9/18/2011
My Commission Expires: